



Accountants &
business advisers

DISENCO LIMITED
(Company Number: 4648583)
ANNUAL REPORT
YEAR ENDED 31 JANUARY 2005

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DISENCO LIMITED

COMPANY INFORMATION

Directors	G Bretvin G B Longpre D T Porteous P H Smith
Secretary	P H Smith
Company Number	4648583
Registered Office	Unit J Sheffield Business Park Europa Link Sheffield S9 1XU
Auditors	PKF (UK) LLP Knowle House 4 Norfolk Park Road Sheffield S2 3QE

DISENCO LIMITED

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DISENCO LIMITED
DIRECTORS' REPORT
YEAR ENDED 31 JANUARY 2005

The directors submit their report and the financial statements for the year ended 31 January 2005.

Principal activity

The principal activity of the company during the year under review was the initial establishment and preparation for the development and distribution of Home Power Plants (m CHP)

Directors

The directors who served during the year and their interests in the company's issued share capital at the balance sheet date and at the start of the year (or date of appointment, if later) were:

	Ordinary shares of £1 each	
	2005	2004
G Bretvin (appointed 14 May 2004)	300	1
P M Johnson (resigned 14 May 2004)		
G B Longpre (appointed 3 July 2004)	450	-
D T Porteous (appointed 3 July 2004)	-	-
P H Smith (appointed 3 July 2004)	-	-
M V Lewis (appointed 1 November 2004)(resigned 22 April 2005)	-	-

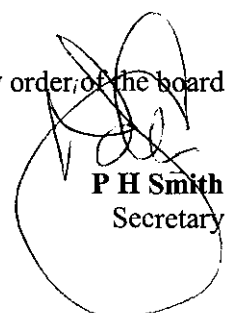
Issue of shares

On 7 April 2005 the company issued 241 preference shares with aggregate value of £241, for a consideration of £574,544.

Basis of preparation

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the board


P H Smith
Secretary

24.6.05

DISENCO LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for ensuring that the directors' report and other information included in the annual report is prepared in accordance with company law in the United Kingdom.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DISENCO LIMITED

We have audited the financial statements of Disenco Limited for the year ended 31 January 2005 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Going concern

In forming our opinion, we have considered the adequacy of the disclosures made in the financial statements concerning the availability of future funding for the company. The financial statements have been prepared on a going concern basis, the validity of which depends upon adequate funding being available. The financial statements do not include any adjustments that would arise from a failure to obtain funding. Details of the circumstances relating to this matter are described in note 1. Our opinion is not qualified in this respect.

INDEPENDENT AUDITORS' REPORT (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 January 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

27 June 2005

Sheffield, UK

PKF (UK) LLP

PKF (UK) LLP
Registered Auditors

DISENCO LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 JANUARY 2005

	Notes	2005 £	2004 £
TURNOVER		-	45,000
Administrative expenses		(381,280)	(46,402)
Other operating income		117,895	-
		<hr/>	<hr/>
OPERATING LOSS	2	(263,385)	(1,402)
Interest receivable		585	-
		<hr/>	<hr/>
LOSS FOR THE FINANCIAL YEAR		<u>(262,800)</u>	<u>(1,402)</u>

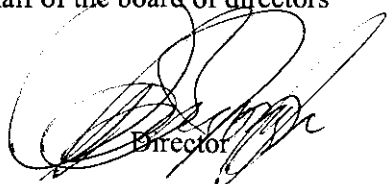
DISENCO LIMITED
BALANCE SHEET
31 JANUARY 2005

	Notes	2005 £	2004 £
FIXED ASSETS			
Intangible	5	567,812	-
Tangible	6	8,489	-
		<u>576,301</u>	<u>-</u>
CURRENT ASSETS			
Debtors	7	96,879	53,080
Cash at bank and in hand		52,887	-
		<u>149,766</u>	<u>53,080</u>
CREDITORS: amounts falling due within one year	8	(517,019)	(54,481)
NET CURRENT LIABILITIES		<u>(367,253)</u>	<u>(1,401)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>209,048</u>	<u>(1,401)</u>
CREDITORS: amounts falling due after more than one year	9	(225,000)	-
NET LIABILITIES		<u>(15,952)</u>	<u>(1,401)</u>
CAPITAL AND RESERVES			
Called up share capital	10	900	1
Share premium account	11	247,350	-
Profit and loss account	11	(264,202)	(1,402)
		<u>(15,952)</u>	<u>(1,401)</u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the board on 24.6.05

Signed on behalf of the board of directors


Director

DISENCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2005

1 ACCOUNTING POLICIES

(a) Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

(b) Basis of preparation - going concern basis

The directors have prepared financial projections which assume that the company will generate significant amounts of future funding through share issues. Whilst the company has taken the necessary steps to enable these share issues to take place there can be no certainty in relation to these matters. On the basis of these projections, the company can continue in operational existence for a period of at least 12 months from the date of approval of these financial statements. The directors therefore consider it appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from a failure to secure future equity funding.

(c) Turnover

Turnover represents amounts received from the Carbon Trust in respect of a contract for trials to be undertaken of the company's Home Power Plant.

(d) Intangible fixed assets

Intangible fixed assets are stated at their purchase cost, together with any incidental expenses of acquisition, less amortisation. Amortisation is provided to write off the cost of intangible fixed assets over their expected useful economic life of 20 years.

(e) Property, plant and equipment

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant, machinery, fixtures, fittings and office equipment	25% on cost
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(f) Operating leases

Operating lease rentals are charged in the profit and loss account on a straight line basis over the term of the lease.

(g) Research & Development

Expenditure on research and development is charged in the profit and loss account in the year in which it is incurred.

(h) Grant Income

Grant income relating to revenue expenditure is recognised in the profit and loss account when received.

DISENCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2005

2 OPERATING LOSS

The operating loss is stated after :

	2005	2004
	£	£
Amortisation of intangible assets	7,188	-
Depreciation of tangible fixed assets:		
- owned by the company	2,830	-
Audit fees	5,500	-
Development costs	208,540	-
	<u>216,458</u>	<u>-</u>

3 DIRECTORS' EMOLUMENTS AND BENEFITS

No directors received any emoluments from the company during the year (2004 - none), neither were any directors members of company pension schemes (2004 - none).

4 TAXATION

Because of losses incurred there are no taxation liabilities.

5 INTANGIBLE FIXED ASSETS

	Intellectual Property Rights £
Cost	
At 1 February 2004	-
Additions	575,000
At 31 January 2005	<u>575,000</u>
Amortisation	
At 1 February 2004	-
Charge for the year	7,188
At 31 January 2005	<u>7,188</u>
Net book amount	
At 31 January 2005	<u>567,812</u>
At 31 January 2004	<u>-</u>

DISENCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2005

6 TANGIBLE FIXED ASSETS

	Fixtures, Fittings, Tools & Equipment £
Cost	
Additions	11,319
At 31 January 2005	<u>11,319</u>
Depreciation	
Charge for the year	2,830
At 31 January 2005	<u>2,830</u>
Net book amount	
At 31 January 2005	<u>8,489</u>
At 31 January 2004	<u>-</u>

7 DEBTORS

	2005 £	2004 £
Trade debtors	-	53,079
Other debtors	96,879	1
	<u>96,879</u>	<u>53,080</u>

Other debtors include £60,000 in respect of grant income receivable under the Yorkshire Forward SME Inward Investment Scheme. This amount is an estimate of the income receivable based on eligible expenditure incurred to 31 January 2005. Whilst approval of the grant has been indicated by Yorkshire Forward, the amount to be received has not been formally confirmed.

8 CREDITORS:

Amounts falling due within one year

	2005 £	2004 £
Accruals & Deferred Income	90,902	9,739
Other creditors	426,117	44,742
	<u>517,019</u>	<u>54,481</u>

9 CREDITORS:

DISENCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2005

9 CREDITORS (continued)

Amounts falling due after more than one year

	2005	2004
	£	£
Other creditors	<u>225,000</u>	<u>-</u>

10 SHARE CAPITAL

	Authorised	Allotted, called up and fully paid	
	£	No	£
At 1 February 2004			
Ordinary shares of £1 each	1,000	1	1
Movements in year:			
Ordinary shares of £1 each	14,000	749	749
Preference Shares of £1 each	5,000	150	150
	<u>19,000</u>	<u>899</u>	<u>899</u>
At 31 January 2005			
Ordinary shares of £1 each	15,000	750	750
Preference Shares of £1 each	5,000	150	150
	<u>20,000</u>	<u>900</u>	<u>900</u>

On 7 October 2004 the company passed a special resolution to increase its authorised share capital by the creation of 5,000 Preference Shares of £1 each and 14,000 Ordinary Shares of £1 each.

The preference shares may be converted to a like number of ordinary shares upon service of written notice by the company, they have equal voting rights with the ordinary shares of the company, but rank in priority to the ordinary shares for payment of dividends and return of capital on a winding up of the company.

On 7 October 2004 749 ordinary shares with an aggregate nominal value of £749 were issued at par and 150 preference shares with an aggregate nominal value of £150 were issued for consideration of £275,000.

On 7 April 2005 the company issued 241 Preference Shares with an aggregate nominal value of £241, for a consideration of £574,544.

DISENCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2005

11 RESERVES

Share premium account	£
At 1 February 2004	-
Premium on preference shares issued during the year	274,850
Expenses of share issue	(27,500)
	<u>247,350</u>
At 31 January 2005	<u>247,350</u>
 Profit and loss account	 £
At 1 February 2004	(1,402)
Loss for the year	(262,800)
	<u>(264,202)</u>
At 31 January 2005	<u>(264,202)</u>

12 OTHER COMMITMENTS

At 31 January 2005 the company had annual commitments under operating leases as follows:

	2005	2004
	£	£
Expiry date:		
Between two and five years	<u>45,000</u>	<u>-</u>

13 TRANSACTIONS WITH RELATED PARTIES

During the year consultancy fees of £38,000 and £38,500 were paid to D T Porteous and P H Smith respectively both of whom are directors of the company.

During the year the company purchased intellectual property rights from Disenco International A S a company in which G Bretvin and B Longpre, who are both directors of the company, are shareholders, for a consideration of £575,000. At 31 January 2005 the company owed £335,117 to Disenco International A S.

Included within debtors are loans of £299 (2004 - £NIL) and £450 (2004 - £NIL) to G Bretvin and G B Longpre respectively, both of whom are directors of the company. The maximum amount outstanding on these loans during the year was £299 and £450 respectively.